



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

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Short Title: Extend Employment Insurance sickness benefits to 52 weeks

Description: Extending Employment Insurance (EI) sickness benefits from 26 weeks to 52 weeks. The EI premium rate will be increased over time to ensure the EI Operating Account is in balance over a seven-year period. The proposal will be effective January 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		372	1,521	1,431	731	-38	4,016

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: The cost was estimated using the PBO EI model. The 2007 COMPASS Survey was used to determine the number of additional weeks that would be taken by claimants. EI premium rates were increased to balance the Employment Insurance Operating Account over a seven-year period. Cost recovery and resulting tax credits were also accounted for in the cost estimate.

Source of Uncertainty: The main sources of uncertainty relate to the number of additional weeks that would be taken by claimants and the underlying labour market projection.

Data Sources:	Variable	Source
	Total EI sickness benefit claims, average weekly benefit rate	Employment and Social Development Canada
	Percentage of claimants that have a working lapse and distribution of work lapse duration	2007 COMPASS Survey administered by Employment and Social Development Canada
	Average wage growth	PBO EPC baseline
	EI premiums	PBO EI model